

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5478-01  
Bill No.: HB 1655  
Subject: Motor Vehicles; Transportation  
Type: Original  
Date: February 17, 2014

---

Bill Summary: This proposal exempts motorcyclists age 21 and older from wearing a helmet when operating a motorcycle or motortricycle.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Highway Funds	\$0	(Less than \$100,000)	(Less than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Health and Senior Services (DHSS)** estimate that changing the helmet law to allow persons 21 years of age or older to operate or ride as a passenger on any motorcycle or motortricycles without a helmet could increase the number of brain-injured participants in the Adult Brain Injury Program. DHSS is unable to predict the number of participants this legislation would result in; however, the average cost per participant is \$5,600 per year. Participation in the program is subject to available funding, and without additional funding any potential new participants will likely be added to a waiting list. Currently, there are almost 200 Missourians on the Adult Brain Injury Program wait list, with a wait time of over two years before rehabilitation services are started through the program. Additional program participants may result in DHSS requesting additional funding for the program. Therefore, this legislation is expected to result in a zero to unknown fiscal impact.

Officials at the **Department of Mental Health (DMH)** assume this proposes to remove the current state requirement for motorcyclists and riders 21 years of age and older to wear protective headgear. The Division of Developmental Disabilities (DD) eligibility provisions for Medicaid waived services require individuals to be less than 22 years old at the time their developmental disability is diagnosed. Under this legislation, persons age 21 who experience traumatic brain injury (TBI) as a result of a head injury sustained during a motorcycle accident while not wearing protective headgear could become eligible for waived services through the division. Additionally, individuals suffering from severe head injuries are at a greater risk of developing behavioral and/or drug and alcohol disorders, and may qualify for services through the Division of Behavioral Health. Concordantly, the fiscal impact of serving additional individuals who experience severe head injury resulting from not wearing protective headgear is an unknown cost.

Officials from the **Department of Health and Senior Services (DHSS)** and the Department of Mental Health (DMH) stated that their response includes costs that are covered under their respective budgets. Therefore, only those medical costs that are in the Department of Social Services (DSS) budget are reported here.

The DHSS estimates there will be 20 additional head-injury cases each year if the helmet law is repealed for people age 21 and over. It is estimated that 2 of these cases will be uninsured and require initial hospital care and on-going medical expenses.

ASSUMPTION (continued)

The annual cost estimate is based on initial inpatient hospital charges and on-going medical costs. It is assumed the hospital will be reimbursed for the uninsured care by the MO HealthNet program.

The DHSS provided data regarding the initial hospital charges for un-helmeted and helmeted riders. In 2003, the average initial cost for an un-helmeted rider was \$66,850 and \$55,234 for a helmeted rider. The cost was \$11,616 per person higher for an injured un-helmeted rider than for a helmeted rider in 2003. This initial cost was inflated by 5.09% annually from 2003 to arrive at an estimate for 2015 through 2017. This inflationary factor is an average based on Healthcare Cost Review for Hospitals data from FY03 through FY '14. Therefore, the initial cost is estimated to be \$21,076 in FY '15.

The average annual cost for on-going medical costs is based on the first three months of FY14 (July 2013 through September 2013). Nursing facility, hospital, physician, dental, pharmacy, Medicare Part D co-pays, home health and rehab/specialty services are in the on-going cost calculation. The average annual on-going cost was inflated by 2.9%. The on-going cost per person for one full year is \$14,736 (\$1,228 x 12 months).

FY '15

Assume two un-helmeted individuals will be injured due to a motorcycle accident and be eligible or become eligible for MO HealthNet services. The initial hospitalization will be \$21,076 per person ( $\$21,076 \times 2 = \$42,152$ ). The on-going medical costs will be \$14,736 per person for the year. Total annual cost to MHD is \$71,624. For fiscal note purposes, assume a 10-month cost of \$66,712 (\$24,620 GR).

FY '16

Assuming both FY15 injured people survive, the estimated cost for FY16 for these people will be a full year (12 month) on-going medical costs but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the two new individuals estimated to be injured in FY16. Costs are inflated by 5.09% annually. Total cost is \$106,242 (\$39,209 GR).

FY '17

Assuming all FY15 and all FY16 injured people survive, the estimated cost for FY17 for these people will be a full year (12 month) on-going medical cost but will not include the initial hospitalization costs. In addition, there will be the initial hospitalization cost and on-going medical costs for the two new people estimated to be injured in FY 17. Costs are inflated by 5.09% annually. Total cost \$144,196 (\$53,216 GR).

KC:LR:OD

ASSUMPTION (continued)

Officials at the **Department of Revenue (DOR)** assume this proposal would require changes to the agency website, Missouri Driver Guide and Missouri Motorcycle Manual and other printed materials related to motorcycle operation and use of protective headgear. The estimated cost of the impact would be \$8,928.

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process. .

Oversight assumes some people 21 and over could choose not to wear protective headgear as a result of this proposal. Accordingly, there may be an increase in injuries or the severity of injuries to motorcyclists not wearing protective headgear which may **indirectly** result in increased costs to the state. Oversight assumes no **direct** fiscal impact to state and local governments from the protective headgear exemption.

Officials from the **Office of the State Courts Administrator** and the **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

§ 302.132.2

In response to a similar proposal from 2013 (HB 655), officials from the **Department of Revenue (DOR)** assumed an applicant issued a temporary motorcycle instruction permit may renew the permit two additional times, for a total maximum permit period of eighteen months.

DOR also stated it is unknown as to how many fewer renewals the Department will process as a result of this legislation. Any decrease in revenue (\$1 per renewal) will be a loss to highways, cities and counties. Decreased renewals (if any) would not happen until eighteen months after the effective date of this proposal or FY 2016.

**Oversight** assumes the fiscal impact of this proposal will be (Less than \$100,000).

<u>FISCAL IMPACT - State Government</u>	<u>FY 2015</u> (10 Mo.)	<u>FY 2016</u>	<u>FY 2017</u>
<b>HIGHWAY FUND</b>			
<u>Loss - DOR</u>	<u>\$0</u>	(Less than	(Less than
Reduced Renewal Fees		<u>\$100,000)</u>	<u>\$100,000)</u>
<b>ESTIMATED NET EFFECT TO THE HIGHWAY FUND</b>	<b><u>\$0</u></b>	<b><u>(Less than</u> <u>\$100,000)</u></b>	<b><u>(Less than</u> <u>\$100,000)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 <u>FY 2015</u> (10 Mo.)	 <u>FY 2016</u>	 <u>FY 2017</u>
<b>CITIES AND COUNTIES</b>			
<u>Loss - Cities</u>			
Reduced Renewal Fees	\$0	(Less than \$100,000)	(Less than \$100,000)
<u>Loss - Counties</u>			
Reduced Renewal Fees	<u>\$0</u>	(Less than <u>\$100,000)</u>	(Less than <u>\$100,000)</u>
<b>ESTIMATED NET EFFECT TO CITIES AND COUNTIES</b>	<b><u>\$0</u></b>	<b><u>(Less than</u> <u>\$100,000)</u></b>	<b><u>(Less than</u> <u>\$100,000)</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

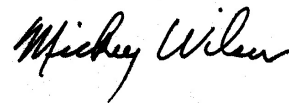
Currently, every person operating or riding as a passenger on any motorcycle or motortricycles upon any state highway must wear protective headgear when the vehicle is in motion. This bill specifies that this provision will only apply to a person younger than 21 years of age. The bill allows a person issued a temporary motorcycle instruction permit under this section to renew his or her permit two additional times, for a total maximum permit period of 18 months.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

KC:LR:OD

SOURCES OF INFORMATION

Department of Mental Health  
Department of Public Safety  
Office of the State Courts Administrator  
Department of Revenue  
Department of Social Services



Mickey Wilson, CPA  
Director  
February 17, 2014

Ross Strobe  
Assistant Director  
February 17, 2014